



Land Use

Condo Developments Continue To Grow

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Does it seem like every time you read the newspaper you hear about another old building being converted into lofts? If you live in Southeast Michigan, you probably answered yes. Despite a sluggish residential housing market, the developers in the City of Detroit continue to announce plans for large-scale condominium projects.

We could fill several pages discussing the reasons for the trend: impacts of the baby boomers, increased number of childless homes, or the renewed importance of non-motorized transportation. It's undeniable that more people have a desire to live in an urban setting than any other time in the last 50 years.

It was destiny that residential developers in urban markets would eventually realize the vast potential of the condominium conversion, particularly in markets possessing a large, architecturally important building stock. It is generally much less expensive to redevelop than to demolish and start over. It is also much greener to reuse our buildings rather than tearing them down.

Condominiums provide a developer with almost endless flexibility in planning, and they can take advantage of the recent appeal of mixed-use projects. As a building owner, consider being able to designate individual commercial spaces for sale or lease on the building's ground floor, while separately designating residential spaces above. Two developments in one building, each governed by the rules detailed in the master deeds.

When considering a condominium development, you must designate every square inch of your building and site as part of a saleable unit or common area. This means you need a qualified architect and surveyor to prepare detailed floor plans and sections of the

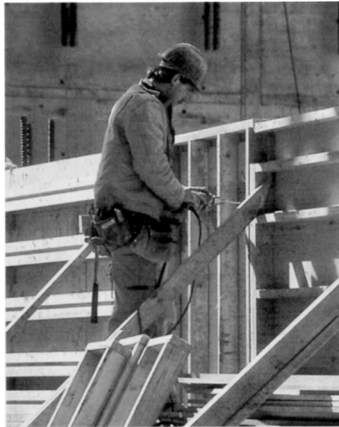
entire building. Careful thought must also be put into mechanical and access issues, so choosing professionals with a thorough understanding of the development process is crucial.

There are several best practices when it comes to condominium conversion:

- Hire the right consultants (architect, surveyor/engineer, and attorney) with condominium development experience.
- Create a team environment to allow for ideation and information sharing early and

often, reducing the risk of miscommunication among the consultants.

- Delineate how the condominium will function regarding space and management. In other words, where will common areas be located, do you want to include a parking space in a unit purchase, how much do you want to restrict the aesthetics of the building?



- Consider multiple associations responsible for the management and maintenance of different areas, i.e. commercial versus residential.
- Remember possible alternative revenue streams such as the sale or lease of airspace above the building, and space for billboards or satellite equipment on the roof.

This simply means time must be spent to plan the development and hire the right professionals. In fact, the choice of development consultants and proper planning are as important to the project's success as its location and concept. ■

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